

**ARBITRATION PROCEEDINGS - Day 6 - January 30, 2011**  
**ARISPE, ET AL vs. MORGAN, KEEGAN & COMPANY**

BEFORE FINRA DISPUTE RESOLUTION

In the Matter of the Arbitration Between:

RICHARD R. ARISPE, JIMMY A. )  
BURKE, PEGGY E. BURKE, TODD )  
B. BURKE, JOSE J. COLLADO, )  
ADELA CHRISTINE COLLADO, )  
CHARLES K. COLVIN, C & C )  
ERECTION, INC., NANCY GORDON,)  
SUSAN W. HACKNEY, DON H. )  
JONES, SUZANN S. JONES, )  
WILLIAM A. RHODES, JR., DAWN )  
SCHUESSLER, KENNETH W. SEARS,)  
KENNETH W. SEARS, JR., REINE )  
M. SEARS, DANIEL J. SEARS, )  
KENNETH W. SEARS, III, JUDY )  
STRICKLAND, ELIZABETH STEIN &)  
SHANA L. STEIN, )  
Claimants )  
v. ) FINRA CASE NO. 09-006655  
 )  
MORGAN KEEGAN & COMPANY, )  
Respondent.

ARBITRATION PROCEEDINGS

January 30, 2011

Day 6

ARBITRATION PROCEEDINGS was taken in the above-styled and numbered cause on the 30th day of January, 2011, from 9:01 a.m. to 4:55 p.m., before Kelly Hanna, Certified Shorthand Reporter in and for the State of Texas, reported by computerized stenotype machine at the offices of Greenberg Traurig, 1000 Louisiana, Suite 1700, Houston, Texas, pursuant to the Federal Rules of Civil Procedure and the provisions stated on the record or attached hereto.

HANNA & HANNA, INC.  
(713) 840-8484

**EXHIBIT**

tables

**J**

## ARBITRATION PROCEEDINGS - Day 6 - January 30, 2011

## ARISPE, ET AL vs. MORGAN, KEEGAN &amp; COMPANY

1 We can't carry this case on forever. We're -- according  
2 to my watch, it's about 12:20 now and you're going to  
3 have some more questions but you'll probably be through  
4 with this witness, say -- say, if we come back here  
5 1:00, 40 minutes, you'll probably be through with this  
6 witness --

7 MR. DOBROWSKI: 1:30.

8 MR. KERR: -- collectively at 1:30.

9 MR. CARLIN: At the latest.

10 MR. DOBROWSKI: At the longest.

11 MR. CARLIN: Probably more likely be 1:15,  
12 1:10.

13 MR. KERR: Then you have another witness  
14 in addition to the attorneys' fees.

15 MR. WEISS: Correct.

16 MR. DOBROWSKI: But I thought we were  
17 going to stipulate as to the amount on attorneys' fees.

18 MS. BLACKWELL: We can do that.

19 MR. WEISS: We can do that. I will say  
20 that -- well, I guess, if you want to talk about that  
21 now, I'm happy to do so. Two points. First of all, in  
22 their Exhibit 257, their agreement with their clients is  
23 on a 35 percent contingent fee. It is not on an hourly  
24 basis. I just make that point. The Panel should be  
25 aware.

**ARBITRATION PROCEEDINGS - Day 6 - January 30, 2011**  
**ARISPE, ET AL vs. MORGAN, KEEGAN & COMPANY**

1 MR. KERR: Yeah, you made that point  
2 yesterday.

3 MR. WEISS: Good. In terms of our fees,  
4 which is really the subject du jour, our fees are  
5 substantially less than what they presented. Our fees  
6 prior to this week total \$399,416. And our number of  
7 attorney hours and paralegal hours was also less, at  
8 1684. Our expenses were also less, and they totaled  
9 \$34,779, and that's -- that's for our side.

16 MR. DOBROWSKI: And, Mr. Chair, we  
17 stipulate that the amount of fees and amount of costs  
18 are reasonable. We do not stipulate that they are owed  
19 or that you should award them.

20 MR. KERR: Entitlement is not part of the  
21 question.

22 MR. DOBROWSKI: Yes, sir.

23 MR. KERR: Okay. Will that take care of  
24 the attorneys' fees testimony?

25 MR. DOBROWSKI: Yeah.

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1 MR. CARLIN: I think so.

2 MR. KERR: So, that's done. That's in the  
3 record. So, one question I should have asked. How long  
4 do you anticipate the direct on this next witness?

5 MS. BLACKWELL: I think the direct will be  
6 an hour or maybe less.

7 MR. KERR: And, of course, there will be  
8 cross?

9 MR. DOBROWSKI: Ours will be substantially  
10 less than that. Substantially.

11 MS. BLACKWELL: Well, my witness is  
12 telling me he thinks it's going to be slightly more.

13 MR. KERR: Slightly more?

14 MS. BLACKWELL: Yeah.

15 MR. WEISS: Hour and 15 minutes. So,  
16 that's two hours. So, if we're back here -- if we're  
17 back here at 1:00, then that's 3:00. So, then what  
18 we've got left is closing arguments. So, we ought to be  
19 able to hopefully wrap it up by 4:30 or something like  
20 that.

21 MR. DOBROWSKI: Closing argument, if we  
22 start at 3:00, we're going to do 45 minutes a side?

23 MR. CARLIN: As I said, Mr. Chair, I  
24 believe I need an hour.

25 MR. DOBROWSKI: We'll do whatever you say.

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ARBITRATION PROCEEDINGS - Day 6 - January 30, 2011  
ARISPE, ET AL vs. MORGAN, KEEGAN & COMPANY

1 STATE OF TEXAS

2 COUNTY OF HARRIS

3

4 REPORTER'S CERTIFICATE

5 ARBITRATION HEARING

6 January 30, 2011

7

8 I, the undersigned Certified Shorthand Reporter in  
9 and for the State of Texas, certify that the facts  
10 stated in the foregoing pages are true and correct.

11 I further certify that I am neither attorney or  
12 counsel for, related to, nor employed by any parties to  
13 the action in which this testimony is taken and,  
14 further, that I am not a relative or employee of any  
15 counsel employed by the parties hereto or financially  
16 interested in the action.

17 SUBSCRIBED AND SWORN TO under my hand and seal of  
18 office on this the 7th day of February, 2011.

*Kelly Hanna*

Digital signature by Kelly Hanna  
Date: 2011.02.07 11:43:18 -  
08:00  
Reason: I am the author of this  
document  
Location: Houston, TX

21 Kelly Hanna, CSR, RPR, CRR, CMRS

22 Texas CSR 1654

23 Expiration: 12/31/2011

24 Firm Registration No. 581

25 1225 North Loop West, Suite 327

Houston, Texas 77008

713.840.8484 - 713.626.1966

www.hannareporting.com

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**ARBITRATION PROCEEDINGS - Day 4 - January 29, 2011**  
**ARISPE, ET. AL. VS. MORGAN, KEEGAN & COMPANY**

BEFORE FINRA DISPUTE RESOLUTION

In the Matter of the Arbitration Between:

RICHARD R. ARISPE, JIMMY A. )  
BURKE, PEGGY E. BURKE, TODD )  
B. BURKE, JOSE J. COLLADO, )  
ADELA CHRISTINE COLLADO, )  
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M. SEARS, DANIEL J. SEARS, )  
KENNETH W. SEARS, III, JUDY )  
STRICKLAND, ELIZABETH STEIN &)  
SHANA L. STEIN, )  
Claimants )  
v. ) FINRA CASE NO. 09-006655  
 )  
MORGAN KEEGAN & COMPANY, )  
Respondent.

ARBITRATION PROCEEDINGS

January 29, 2011

Day 5

ARBITRATION PROCEEDINGS was taken in the above-styled and numbered cause on the 29th day of January, 2011, from 8:56 a.m. to 4:29 p.m., before Kelly Hanna, Certified Shorthand Reporter in and for the State of Texas, reported by computerized stenotype machine at the offices of Greenberg Traurig, 1000 Louisiana, Suite 1700, Houston, Texas, pursuant to the Federal Rules of Civil Procedure and the provisions stated on the record or attached hereto.

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**ARBITRATION PROCEEDINGS - Day 4 - January 29, 2011  
ARISPE, ET. AL. VS. MORGAN, KEEGAN & COMPANY**

1 Mr. Chairman, the Claimants rest.

2 MR. KERR: All right. Thank you very  
3 much. The Claimants have rested.

4 And, Mr. Weiss, let's see, you have two --  
5 two expert witnesses.

6 MR. WEISS: Correct.

7 MR. KERR: Okay. Is that it?

8 MR. WEISS: I think so.

9 MR. KERR: All right. And, of course,  
10 we're going to have closing arguments tomorrow.

11 MR. WEISS: Although, I think we -- there  
12 is a contract in the customer agreement that specifies  
13 that Morgan Keegan is entitled to its attorneys' fees in  
14 a case of this nature. It's contractual. So, we will  
15 likely put on evidence of that as well.

16 MR. DOBROWSKI: And if we could just see  
17 those, to be honest with you, Mr. Chair, what we would  
18 do is -- I'd just like to see the amount. We could  
19 probably stipulate that the amount is right. Obviously,  
20 the recovery -- whether they're entitled to recovery, we  
21 don't agree to that.

22 MR. KERR: That's our job.

23 MR. DOBROWSKI: Yes, sir.

24 . . . . . MR. WEISS: And I can give him that  
25 information. It's not surprisingly less than the

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## ARBITRATION PROCEEDINGS - Day 4 - January 29, 2011

## ARISPE, ET. AL. VS. MORGAN, KEEGAN &amp; COMPANY

1                   MR. KERR: All right. So, how long do you  
2 anticipate you will need for closing argument? I would  
3 like for each side to agree on it, if it's 30 minutes,  
4 if it's 45.

5                   MR. DOBROWSKI: We talked somewhere  
6 between 45 and an hour.

7                   MR. CARLIN: Mr. Chair, I think at least  
8 an hour. I was actually thinking somewhere along the  
9 lines of maybe 75 minutes. There's just a lot of ground  
10 to cover, especially because of the fact that we had  
11 this three-and-a-half month break and the Panel did not  
12 have the benefit of actually having the transcripts.

13                  MR. KERR: Yes, sir.

14                  MR. DOBROWSKI: Last -- well, I will do  
15 whatever the Panel wants. I think an hour is more -- I,  
16 frankly, think 45 minutes is more than sufficient.

17                  MR. KERR: You can give us back some time.

18                  MR. DOBROWSKI: I'm sorry?

19                  MR. KERR: You can give us back some time.  
20 We'll take it.

21                  MR. CARLIN: If I don't have to fill out  
22 the time, I won't. I'm just trying to give you an  
23 honest estimate.

24                  MR. DOBROWSKI: Well, I understand that;  
25 but you know lawyers.

HANNA & HANNA, INC.

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**ARBITRATION PROCEEDINGS - Day 4 - January 29, 2011**  
**ARISPE, ET. AL. VS. MORGAN, KEEGAN & COMPANY**

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4 REPORTER'S CERTIFICATE

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6 January 29, 2011

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8 I, the undersigned Certified Shorthand Reporter in  
9 and for the State of Texas, certify that the facts  
10 stated in the foregoing pages are true and correct.

11 I further certify that I am neither attorney or  
12 counsel for, related to, nor employed by any parties to  
13 the action in which this testimony is taken and,  
14 further, that I am not a relative or employee of any  
15 counsel employed by the parties hereto or financially  
16 interested in the action.

17 SUBSCRIBED AND SWORN TO under my hand and seal of  
18 office on this the \_\_\_\_\_ day of \_\_\_\_\_

19 \_\_\_\_\_.

*Kelly Hanna*

Digitally signed by Kelly Hanna  
Date: 2011.02.03 08:34:37 -08:00  
Reason: I am the author of this  
document  
Location: Houston, TX

20 Kelly Hanna, CSR, RPR, CRR, CMRS  
21 Texas CSR 1654  
22 Expiration: 12/31/2011  
23 1225 North Loop West  
24 Suite 327  
Houston, Texas 77008  
713.840.8484 - 713.626.1966  
www.hannareporting.com

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**HANNA & HANNA, INC.**  
**(713) 840-8484**

31e8d925-f612-4272-9770-7c4a3a5a2853

IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

CASE NO. \_\_\_\_\_

MORGAN KEEGAN &  
COMPANY, INC.

Petitioner,

vs.

RICHARD R. ARISPE, JIMMY A. BURKE,  
PEGGY E. BURKE, TODD B. BURKE,  
JOSE J. COLLADO, ADELA CHRISTINE  
COLLADO, CHARLES K. COLVIN, C & C  
ERECTION, INC., NANCY GORDON,  
SUSAN W. HACKNEY, DON H. JONES,  
SUZANN S. JONES, WILLIAM A.  
RHODES, JR., DAWN SCHUESSLER,  
KENNETH W. SEARS, KENNETH W.  
SEARS, JR., REINE M. SEARS, DANIEL  
J. SEARS, KENNETH W. SEARS, III,  
JUDY STRICKLAND, ELIZABETH  
STEIN & SHANA L. STEIN,

Respondents.

**ORDER CONFIRMING ARBITRATION AWARD**

On this day this Court considered Morgan Keegan and Company, Inc.'s Motion to Confirm Arbitration Award. The Court confirms the Arbitration Award entered by a panel of arbitrators of the Financial Industry Regulatory Authority ("FINRA") Dispute Resolution in favor of Morgan Keegan and Company, Inc. against

IT IS HEREBY ORDERED that the Motion is GRANTED.

IT IS HEREBY FURTHER ORDERED that Respondents Richard R. Arispe, Jimmy A. Burke, Peggy E. Burke, Todd B. Burke, Jose J. Collado, Adela Christine Collado, Charles K. Colvin, C&C Erection, Inc., Nancy Gordon, Susan W. Hackney, Don

H. Jones, Suzann S. Jones, William A. Rhodes, Jr., Dawn Schuessler, Kenneth W. Sears, Kenneth W. Sears, Jr., Reine M. Sears, Daniel J. Sears, Kenneth W. Sears, III, Judy Strickland, Elizabeth Stein, and Shana L. Stein are jointly and severally liable for Morgan Keegan's costs in the amount of \$34,707.00 and attorneys' fees in the amount of \$399,416.00, plus judgment at the legal judgment rate from and after the date of the award, plus costs and disbursements incurred in this proceeding.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

---

UNITED STATES DISTRICT JUDGE

**Aleman, Ann J. (Asst-Hou-LT)**

**From:** DCECF\_LiveDB@txs.uscourts.gov  
**Sent:** Wednesday, March 16, 2011 5:31 PM  
**To:** DC\_Notices@txs.uscourts.gov  
**Subject:** Activity in Case 4:11-mc-00127 Morgan Keegan & Company, Inc. v. Arispe et al Other Miscellaneous Relief

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**U.S. District Court**

**SOUTHERN DISTRICT OF TEXAS**

**Notice of Electronic Filing**

The following transaction was entered by Lovett, Mary-Olga on 3/16/2011 at 5:30 PM CDT and filed on 3/16/2011

**Case Name:** Morgan Keegan & Company, Inc. v. Arispe et al

**Case Number:** 4:11-mc-00127

**Filer:** Morgan Keegan & Company, Inc.

**Document Number:** 1

**Docket Text:**

**Motion to Confirm Arbitration Award and for Final Judgment/Other Miscellaneous Relief ( Filing fee \$ 39 receipt number 0541-7815003.) filed by Morgan Keegan & Company, Inc.. (Attachments: # (1) Exhibit A, # (2) Exhibit B, # (3) Exhibit C, # (4) Exhibit D, # (5) Proposed Order)(Lovett, Mary-Olga)**

**4:11-mc-00127 Notice has been electronically mailed to:**

Mary-Olga Lovett LovettM@gtlaw.com, alemana@gtlaw.com, HOULitDock@gtlaw.com

**4:11-mc-00127 Notice has not been electronically mailed to:**

The following document(s) are associated with this transaction:

**Document description:** Main Document

**Original filename:** n/a

**Electronic document Stamp:**

[STAMP dcecfStamp\_ID=1045387613 [Date=3/16/2011] [FileNumber=12506796-0] [034a6b71eb2facba778e006657d022bd8b88504e9347be3dc04717c216c64b866a77e71fb863f2f959c12700d7a499ca5f6f8007ee50ec293b5e272ae2a22f9]]

**Document description:** Exhibit A

**Original filename:** n/a

**Electronic document Stamp:**

[STAMP dcecfStamp\_ID=1045387613 [Date=3/16/2011] [FileNumber=12506796-1] [8981eb6c7f072f410013982bf256a81ce2efde2fed6bf9cab30120a87d7e2189f284b755917d285f6876fffc147848f57ea469cef6ef46aa9cb548551cce1459]]

**Document description:**Exhibit B

**Original filename:**n/a

**Electronic document Stamp:**

[STAMP dcecfStamp\_ID=1045387613 [Date=3/16/2011] [FileNumber=12506796-2] [8a26adc39106998928ed0bb0747af1ec964bf585057ffd9597d2633c6c5fc24a8fca4083eba0c2b624aab647ad851c3828224e7ca645182461186330519b9c]]

**Document description:**Exhibit C

**Original filename:**n/a

**Electronic document Stamp:**

[STAMP dcecfStamp\_ID=1045387613 [Date=3/16/2011] [FileNumber=12506796-3] [55bfa7737396442420cde0a54f70788a16f06fe2d76056348a53440be0ba3fb92febfb1d57d6d505c42e3095b58ee991e2952d362ca26f32ca6666758f1f62af5]]

**Document description:**Exhibit D

**Original filename:**n/a

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[STAMP dcecfStamp\_ID=1045387613 [Date=3/16/2011] [FileNumber=12506796-4] [a924bcb935b72b0adeb21e1a1dde4df99f8f3df44afb7bad7d29bd6409c7da2f335f52553ab0bd4b0bde87b8444b48e9c006024419063ac1c4b81ae275f7814a]]

**Document description:**Proposed Order

**Original filename:**n/a

**Electronic document Stamp:**

[STAMP dcecfStamp\_ID=1045387613 [Date=3/16/2011] [FileNumber=12506796-5] [29a11ec4707ae1dc31558b230e109a5bfd98dcf5eaf76057f92bcd51dc75f7959dcb46e066eb06f389a0b16f92a991fb87b44403772e05ade570b1d4442939]]

# **EXHIBIT B**

# **EXHIBIT C**

Cause No.: 09-06655

Arispe, et al vs. Morgan Keegan & Company, Inc.

## Arbitration Proceedings - Day 6

01/30/2011



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Page 1634	Page 1636
<p>1 <b>Information.</b></p> <p>2 MR. DOBROWSKI: Mr. Chair, I think I am</p> <p>3 finished, but I want to make – let me – just a couple</p> <p>4 of follow-up final questions.</p> <p>5 Q. (BY MR. DOBROWSKI) In the summer and fall of</p> <p>6 2007, you indicated the rating agencies were downgrading</p> <p>7 securities, right?</p> <p>8 A. Yes.</p> <p>9 Q. And that was well known in the market?</p> <p>10 A. Absolutely.</p> <p>11 Q. And it should have been well known to a</p> <p>12 portfolio manager who relied on ratings agencies, right?</p> <p>13 A. I'm sure it was known.</p> <p>14 Q. And if the rating agencies are downgrading</p> <p>15 securities, you would agree that it would be prudent for</p> <p>16 the portfolio manager to review that information to</p> <p>17 determine if the securities are going to stop paying,</p> <p>18 right, sir?</p> <p>19 A. It's one of the things that a portfolio manager</p> <p>20 will look at in terms of assessing credit quality, yes.</p> <p>21 MR. DOBROWSKI: Pass the witness,</p> <p>22 Mr. Chair. Thank you.</p> <p>23 MR. KERR: All right. Thank you. Now, I</p> <p>24 know you have some follow-up questions.</p> <p>25 MR. CARLIN: I've just got a few minutes,</p>	<p>1 We can't carry this case on forever. We're – according</p> <p>2 to my watch, it's about 12:20 now and you're going to</p> <p>3 have some more questions but you'll probably be through</p> <p>4 with this witness, say – say, if we come back here</p> <p>5 1:00, 40 minutes, you'll probably be through with this</p> <p>6 witness –</p> <p>7 MR. DOBROWSKI: 1:30.</p> <p>8 MR. KERR: – collectively at 1:30.</p> <p>9 MR. CARLIN: At the latest.</p> <p>10 MR. DOBROWSKI: At the longest.</p> <p>11 MR. CARLIN: Probably more likely be 1:15,</p> <p>12 1:10.</p> <p>13 MR. KERR: Then you have another witness</p> <p>14 in addition to the attorneys' fees.</p> <p>15 MR. WEISS: Correct.</p> <p>16 MR. DOBROWSKI: But I thought we were</p> <p>17 going to stipulate as to the amount on attorneys' fees.</p> <p>18 MS. BLACKWELL: We can do that.</p> <p>19 MR. WEISS: We can do that. I will say</p> <p>20 that – well, I guess, if you want to talk about that</p> <p>21 now, I'm happy to do so. Two points. First of all, in</p> <p>22 their Exhibit 257, their agreement with their clients is</p> <p>23 on a 35 percent contingent fee. It is not on an hourly</p> <p>24 basis. I just make that point. The Panel should be</p> <p>25 aware.</p>
<p style="text-align: center;">Page 1635</p> <p>1 If you want to finish; or we can break. Whatever you</p> <p>2 prefer, Mr. Chair. Do you prefer to take a very short</p> <p>3 lunch break?</p> <p>4 MR. KERR: Well, yeah. Let's take this</p> <p>5 one step at a time. Okay. First of all, I think we</p> <p>6 ought to take a break now. We can make it short. We</p> <p>7 can talk about how long. And with respect to lunch –</p> <p>8 and this is on the record?</p> <p>9 THE REPORTER: Yes, we're on the record.</p> <p>10 MR. KERR: And with respect to lunch, the</p> <p>11 Panel wants to hear another affirmation about lunch</p> <p>12 today, that both sides have agreed to equally share the</p> <p>13 cost of lunch for the three Panel today; is that</p> <p>14 correct?</p> <p>15 MR. DOBROWSKI: Yes, Mr. Chair.</p> <p>16 MR. KERR: All right, sir.</p> <p>17 MR. CARLIN: They haven't paid their bill</p> <p>18 for yesterday yet; but, yes, that's correct.</p> <p>19 MR. WEISS: We will submit a bill at the</p> <p>20 end of the whole thing.</p> <p>21 MR. KERR: You've promised to pay.</p> <p>22 MR. CARLIN: Absolutely. We're in</p> <p>23 agreement.</p> <p>24 MR. KERR: All right. Now, let's talk</p> <p>25 about – of course, I think we all want to finish today.</p>	<p style="text-align: center;">Page 1637</p> <p>1 MR. KERR: Yeah, you made that point</p> <p>2 yesterday.</p> <p>3 MR. WEISS: Good. In terms of our fees,</p> <p>4 which is really the subject du jour, our fees are</p> <p>5 substantially less than what they presented. Our fees</p> <p>6 prior to this week total \$399,416. And our number of</p> <p>7 attorney hours and paralegal hours was also less, at</p> <p>8 1684. Our expenses were also less, and they totaled</p> <p>9 \$34,779, and that's – that's for our side.</p> <p>10 There is a – an Exhibit; I believe, 609,</p> <p>11 Exhibit 609 in the Respondent's materials state that –</p> <p>12 and I'm summarizing, but in a case such as this,</p> <p>13 Claimant files a case against Morgan Keegan and loses,</p> <p>14 that the Claimant has to pay our attorneys' fees and</p> <p>15 expenses.</p> <p>16 MR. DOBROWSKI: And, Mr. Chair, we</p> <p>17 stipulate that the amount of fees and amount of costs</p> <p>18 are reasonable. We do not stipulate that they are owed</p> <p>19 or that you should award them.</p> <p>20 MR. KERR: Entertainment is not part of the</p> <p>21 question.</p> <p>22 MR. DOBROWSKI: Yes, sir.</p> <p>23 MR. KERR: Okay. Will that take care of</p> <p>24 the attorneys' fees testimony?</p> <p>25 MR. DOBROWSKI: Yeah.</p>

ARBITRATION PROCEEDINGS - Day 6 - January 30, 2011  
ARISPE, ET AL vs. MORGAN, KEEGAN & COMPANY

1 STATE OF TEXAS

2 COUNTY OF HARRIS

3

4 REPORTER'S CERTIFICATE

5 ARBITRATION HEARING

6 January 30, 2011

7

8 I, the undersigned Certified Shorthand Reporter in  
9 and for the State of Texas, certify that the facts  
10 stated in the foregoing pages are true and correct.

11 I further certify that I am neither attorney or  
12 counsel for, related to, nor employed by any parties to  
13 the action in which this testimony is taken and,  
14 further, that I am not a relative or employee of any  
15 counsel employed by the parties hereto or financially  
16 interested in the action.

17 SUBSCRIBED AND SWORN TO under my hand and seal of  
18 office on this the 7th day of February, 2011

*Kelly Hanna*

Digitally signed by Kelly Hanna  
Date: 2011.02.07 11:43:18 -  
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Location: Houston, TX

21 Kelly Hanna, CSR, RPR, CRR, CMRS

22 Texas CSR 1654

23 Expiration: 12/31/2011

24 Firm Registration No. 581

25 1225 North Loop West, Suite 327

Houston, Texas 77008

713.840.8484 - 713.626.1966

www.hannareporting.com

Page 38 (Pages 1634-1637)

**ARBITRATION PROCEEDINGS - Day 6 - January 30, 2011**  
**ARISPE, ET AL vs. MORGAN, KEEGAN & COMPANY**

Page 1634	Page 1636
<p>1 <b>Information.</b></p> <p>2 MR. DOBROWSKI: Mr. Chair, I think I am</p> <p>3 finished, but I want to make -- let me -- just a couple</p> <p>4 of follow-up final questions.</p> <p>5 Q. (BY MR. DOBROWSKI) In the summer and fall of</p> <p>6 2007, you indicated the rating agencies were downgrading</p> <p>7 securities, right?</p> <p>8 A. Yes.</p> <p>9 Q. And that was well known in the market?</p> <p>10 A. Absolutely.</p> <p>11 Q. And it should have been well known to a</p> <p>12 portfolio manager who relied on ratings agencies, right?</p> <p>13 A. I'm sure it was known.</p> <p>14 Q. And if the rating agencies are downgrading</p> <p>15 securities, you would agree that it would be prudent for</p> <p>16 the portfolio manager to review that information to</p> <p>17 determine if the securities are going to stop paying,</p> <p>18 right, sir?</p> <p>19 A. It's one of the things that a portfolio manager</p> <p>20 will look at in terms of assessing credit quality, yes.</p> <p>21 MR. DOBROWSKI: Pass the witness,</p> <p>22 Mr. Chair. Thank you.</p> <p>23 MR. KERR: All right. Thank you. Now, I</p> <p>24 know you have some follow-up questions.</p> <p>25 MR. CARLIN: I've just got a few minutes,</p>	<p>1 We can't carry this case on forever. We're -- according</p> <p>2 to my watch, it's about 12:20 now and you're going to</p> <p>3 have some more questions but you'll probably be through</p> <p>4 with this witness, say -- say, if we come back here</p> <p>5 1:00, 40 minutes, you'll probably be through with this</p> <p>6 witness --</p> <p>7 MR. DOBROWSKI: 1:30.</p> <p>8 MR. KERR: -- collectively at 1:30.</p> <p>9 MR. CARLIN: At the latest.</p> <p>10 MR. DOBROWSKI: At the longest.</p> <p>11 MR. CARLIN: Probably more likely be 1:15,</p> <p>12 1:10.</p> <p>13 MR. KERR: Then you have another witness</p> <p>14 in addition to the attorneys' fees.</p> <p>15 MR. WEISS: Correct.</p> <p>16 MR. DOBROWSKI: But I thought we were</p> <p>17 going to stipulate as to the amount on attorneys' fees.</p> <p>18 MS. BLACKWELL: We can do that.</p> <p>19 MR. WEISS: We can do that. I will say</p> <p>20 that -- well, I guess, if you want to talk about that</p> <p>21 now, I'm happy to do so. Two points. First of all, in</p> <p>22 their Exhibit 257, their agreement with their clients is</p> <p>23 on a 35 percent contingent fee. It is not on an hourly</p> <p>24 basis. I just make that point. The Panel should be</p> <p>25 aware.</p>
<p>1 If you want to finish; or we can break. Whatever you</p> <p>2 prefer, Mr. Chair. Do you prefer to take a very short</p> <p>3 lunch break?</p> <p>4 MR. KERR: Well, yeah. Let's take this</p> <p>5 one step at a time. Okay. First of all, I think we</p> <p>6 ought to take a break now. We can make it short. We</p> <p>7 can talk about how long. And with respect to lunch --</p> <p>8 and this is on the record?</p> <p>9 THE REPORTER: Yes, we're on the record.</p> <p>10 MR. KERR: And with respect to lunch, the</p> <p>11 Panel wants to hear another affirmation about lunch</p> <p>12 today, that both sides have agreed to equally share the</p> <p>13 cost of lunch for the three Panel today; Is that</p> <p>14 correct?</p> <p>15 MR. DOBROWSKI: Yes, Mr. Chair.</p> <p>16 MR. KERR: All right, sir.</p> <p>17 MR. CARLIN: They haven't paid their bill</p> <p>18 for yesterday yet; but, yes, that's correct.</p> <p>19 MR. WEISS: We will submit a bill at the</p> <p>20 end of the whole thing.</p> <p>21 MR. KERR: You've promised to pay.</p> <p>22 MR. CARLIN: Absolutely. We're in</p> <p>23 agreement.</p> <p>24 MR. KERR: All right. Now, let's talk</p> <p>25 about -- of course, I think we all want to finish today.</p>	<p>1 MR. KERR: Yeah, you made that point</p> <p>2 yesterday.</p> <p>3 MR. WEISS: Good. In terms of our fees,</p> <p>4 which is really the subject du jour, our fees are</p> <p>5 substantially less than what they presented. Our fees</p> <p>6 prior to this week total \$399,416. And our number of</p> <p>7 attorney hours and paralegal hours was also less, at</p> <p>8 1684. Our expenses were also less, and they totaled</p> <p>9 \$34,779, and that's -- that's for our side.</p> <p>10 There is a -- an Exhibit, I believe, 609,</p> <p>11 Exhibit 609 in the Respondent's materials state that --</p> <p>12 and I'm summarizing, but in a case such as this,</p> <p>13 Claimant files a case against Morgan Keegan and loses,</p> <p>14 that the Claimant has to pay our attorneys' fees and</p> <p>15 expenses.</p> <p>16 MR. DOBROWSKI: And, Mr. Chair, we</p> <p>17 stipulate that the amount of fees and amount of costs</p> <p>18 are reasonable. We do not stipulate that they are owed</p> <p>19 or that you should award them.</p> <p>20 MR. KERR: Entitlement is not part of the</p> <p>21 question.</p> <p>22 MR. DOBROWSKI: Yes, sir.</p> <p>23 MR. KERR: Okay. Will that take care of</p> <p>24 the attorneys' fees testimony?</p> <p>25 MR. DOBROWSKI: Yeah.</p>

HANNA &amp; HANNA, INC.

(713) 840-8484

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